



# Lakeview Property Right of First Refusal

*Wenham Board of Selectmen  
February 16, 2016*

# How did we get here?

**November 9** - Notice of intent to convert Flynn golf course property from Ch 61B (recreational) to residential use filed with the Town

**November 19** - Per statute, Town hires appraiser to conduct full valuation of property based on highest and best use

**December 8** – Town-commissioned appraisal report determines \$2.75M property value

**November – January** – Selectmen negotiate Host Community Agreement (HCA) with Flynn/Tambone

**January 12** – Selectmen announce finalized terms of HCA



# How did we get here?

**January 19** – Selectmen hold public hearing with approx 100 residents in attendance

**January 26** – Selectmen appoint Lakeview Advisory Committee to conduct a preliminary evaluation of ideas for potential uses of property if purchased by Town

**February 2** – Selectmen agree on HCA amendment to fully age restrict development

**February 12** – Lakeview Advisory Committee deliver their initial findings to Selectmen

**February 16** – Selectmen make decision to either exercise or waive right of first refusal



# What are the Town's options?

- **Option 1:** Should the Town purchase this property for our assumed, appraised value of \$2.75M?

or

- **Option 2:** Should we conditionally waive our right of first refusal which would allow it to be sold to a third party and developed according to the terms of a Host Community Agreement?



# Option 1 - Town Purchases Property

## Possible Uses for Town Owned Land

- Open space - scenic vista
- Golf course
- Recreation - playing fields or passive recreation
- Farming
- Forestry
- Affordable housing or other residential development
- Solar
- Cemetery expansion
- Water supply



# Option 1 – Town Purchases Property

## Financial Implications

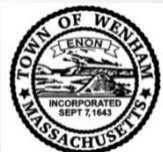
- \$2.75M acquisition cost based on initial appraised value
  - ✓ Potential for 30 year bonding
  - ✓ \$160k annual payment if 100% bonded
  - ✓ \$120k annual payment if 75% bonded
  - ✓ Town funding options include CPA and/or debt exclusion
  - ✓ BAN for up to 5 years to start means interest only payments in first 2 years of ownership (\$40-55k)
- Variable capital and operating/maintenance costs depending on future municipal use(s)
- Approx \$8k in lost annual revenue from local property taxes based on present assessment



# What happens after decision?

## Option 1 – Town Purchases Property

- Statutory process
  - ✓ Property owner can dispute initial valuation and conduct own appraisal within 30 days
  - ✓ Town and property owner may elect to hire 3<sup>rd</sup> appraiser to establish mutually agreed upon property value
  - ✓ Bring to Town Meeting for vote within 120 days after value is established (2/3 majority required if issuing debt)
  - ✓ If approved by Town Meeting, a simple majority ballot question is required if issuing debt. Purchase and sale agreement has to be completed within 90 days of Town Meeting approval
  - ✓ If voted down, then property developed outside of HCA



# What happens after decision?

## **Option 1 – Town Purchases Property (continued)**

- Internal Process
  - ✓ Further analyze desired municipal uses – Lakeview Advisory Committee and other relevant town boards, committees, and commissions
  - ✓ Identify and cultivate potential partnerships
  - ✓ Determine most viable funding scenario
  - ✓ Continue to communicate and involve residents





# Other Potential Scenarios to Consider

## **Option 1** - Town purchases property

- Property valuation ends up significantly higher than initial appraisal, leading to greater tax rate increases than projected
- Town Meeting or ballot question fails to muster necessary votes – terms of the HCA no longer apply to development
- Other Ch 61 properties become available shortly thereafter



## Option 2 - Town Does Not Purchase Property Developed Per HCA Terms

- Development will be built under the Town's existing Flexible Development By-Law:
  - ✓ Cluster housing
  - ✓ Minimum of 40% contiguous open space
  - ✓ Affordable housing requirement (10% minimum)
  - ✓ Control over architectural elements, water conservation measures, and wetlands considerations
- All new construction in a pre-defined “development area”
- No new building construction within 500 feet of Route 1A
- All units are fully age restricted (55+)



# Option 2 – Property Developed Per HCA

## Financial Implications

- Approx \$60k in one-time rollback taxes are paid
- \$350-400k in projected new growth and additional local property tax revenue going forward if fully developed
- Under flexible development, municipal services are limited to public safety response
- HCA amendment to age restrict entire development eliminates unknown education costs



# What happens after decision?

## **Option 2** - Town conditionally waives right of first refusal

- ✓ Development proceeds and is reviewed by the Planning Board under Flexible Development by-law and any other local board that has jurisdiction
- ✓ If permits are issued, the Town then formally waives its right to purchase
- ✓ Project may be developed in phases but must comply with Flexible Development by-law
- ✓ If project fails for any reason, process restarts with Town retaining its first refusal rights



# Other Potential Scenarios to Consider

## **Option 2** - Town conditionally waives right of first refusal

- Project gets fully developed but fails to meet local property tax revenue projections
- Project gets permitted but not fully developed – HCA does not provide Town with recourse to enforce specific timeline



# Public Input

Town sent flyers to all residents inviting them to attend Jan 19 hearing - approx 100 residents in attendance

Town created specific email address for resident feedback

- As of today, we have heard in writing from 99 residents
- 68 residents support the Town exercising our first refusal rights and purchasing the property
- 31 residents support allowing the property to be developed according to the terms of the Host Community Agreement
- 5 residents altered their position to support development after hearing about the age restriction amendment to the HCA

